

US BANK/FCC MAY 20 2009

WC 09-82

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C.

DOCKET FILE COPY ORIGINAL

*In the Matter of*

STANFORD SPRINGEL AS CHAPTER 11 TRUSTEE  
FOR THE BANKRUPTCY ESTATE OF  
INNOVATIVE COMMUNICATION  
CORPORATION,  
*Transferor and Assignor,*

*and*

NATIONAL RURAL UTILITIES COOPERATIVE  
FINANCE CORPORATION AND ITS  
SUBSIDIARIES,  
*Transferee and Assignees,*

Application for Consent to Assign and Transfer  
Control of Authority to Provide Global  
Facilities-Based and Global Resale Services  
International Telecommunications Services and  
to Assign and Transfer Control of Domestic  
Common Carrier Transmission Lines, Pursuant  
to Section 214 of the Communications Act of  
1934, as Amended

WC Docket No. 09-\_\_\_\_

File No. ITC-ASG-200905\_\_-\_\_

File No. ITC-T/C-200905\_\_-\_\_

File No. ITC-T/C-200905\_\_-\_\_

**CONSOLIDATED APPLICATION FOR TRANSFER OF CONTROL AND  
ASSIGNMENT OF INTERNATIONAL AND DOMESTIC SECTION 214 AUTHORITY**

Pursuant to Section 214 of the Communications Act of 1934, as amended (the "Act"),  
and Sections 63.04, 63.18(e)(3) and 63.24 of the Commission's rules, Stanford Springel as  
Chapter 11 Trustee for the Bankruptcy Estate of Innovative Communication Corporation ("Mr.  
Springel," or "Chapter 11 Trustee"), Innovative Communication Corporation, acting by and  
through its Chapter 11 bankruptcy trustee ("New ICC"), National Rural Utilities Cooperative  
Finance Corporation ("CFC"), DTR Holdings, LLC ("CFC USVI Holdco"), VI PowerNet, LLC

("VIPN"), Vitelcom Cellular, Inc. ("Innovative Wireless"), New ICC's Innovative Business Systems Division ("IBS"), Innovative Long Distance, Inc. ("ILD"), and the Virgin Islands Telephone Corporation ("Vitelco") (collectively, "Applicants"), request Commission consent to assign and transfer control of international and domestic Section 214 authority of New ICC and its subsidiaries from the Chapter 11 Trustee and New ICC to CFC and its subsidiaries.<sup>1</sup>

Specifically, the Applicants seek consent to:

- (1) Assign New ICC's international Section 214 authorization (File No. ITC-214-19990330-00206) to CFC USVI Holdco;
- (2) Transfer control of Innovative Wireless' international Section 214 authorization for facilities-based and resale services (File No. ITC-214-19990330-00207) from the Chapter 11 Trustee to CFC;
- (3) Transfer control of the international Section 214 authorization for resale services of Innovative Wireless (File No. ITC-214-19930312-00048; old File No. ITC-93-137) from the Chapter 11 Trustee to CFC;
- (4) Assign the domestic common-carrier transmission lines of IBS from New ICC to VIPN;
- (5) Transfer control of ILD's domestic common-carrier transmission lines from the Chapter 11 Trustee to CFC; and
- (6) Transfer control of Vitelco's domestic common-carrier transmission lines from the Chapter 11 Trustee to CFC.

This narrative provides the information requested by Sections 63.04 and 63.18 of the Commission's rules. Exhibit 1 describes the parties, the Proposed Transaction, the related bankruptcy proceedings, and the public interest benefits of the Proposed Transaction. As demonstrated therein, the Proposed Transaction raises no public interest, competition, or foreign-ownership issues that would warrant extended review of the applications. To assist the

---

<sup>1</sup> See 47 U.S.C. § 214; 47 C.F.R. §§ 63.04, 63.18(e)(3) & 63.24. Section 63.04(b) of the Commission's rules permits the Applicants to file a joint transfer and/or assignment applications for domestic and international Section 214 authorizations. *See also*

Commission in understanding and reviewing the Proposed Transactions and the consents sought therefor, the Applicants have included the following additional exhibits:

- Exhibit 2 lists the subject Commission licenses and authorizations.
- Exhibit 3 lists the FCC registration numbers for the Applicants.
- Exhibit 4 lists all applications filed with the Commission in connection with the Proposed Transaction.
- Exhibit 5 provides a pre-consummation organizational chart for New ICC and its subsidiaries, as they are currently controlled and operated by the Chapter 11 Trustee.
- Exhibit 6 provides a post-consummation organizational chart.
- Exhibit 7 provides the Interim Sale Order.

This consolidated application qualifies for presumptive streamlined processing under Sections 63.03(b)(1)(ii) and 63.12(c)(1)(ii) of the Commission's rules. However, as detailed in Exhibit 4, the Proposed Transaction involves numerous additional Applications addressing, as detailed in Exhibit 2, numerous licenses and authorizations.<sup>2</sup> The Applicants therefore request a single consolidated pleading cycle for consideration of all of the Applications filed in connection with the Proposed Transaction.<sup>3</sup>

#### **I. INFORMATION REQUIRED BY SECTION 63.18 OF THE COMMISSION'S RULES**

---

*Implementation of Further Streamlining Measures for Domestic Section 214 Authorizations*, Report and Order, 17 FCC Rcd. 5517 (2002).

<sup>2</sup> Individual applications have been filed to transfer and assign radio station authorizations held by New ICC and its subsidiaries. In addition, Group B-200, Inc., a wholly-owned subsidiary of New ICC, holds an aircraft radio license, which cannot be transferred under the Commission's rules. This license will be cancelled when the proposed transaction is consummated. Concurrent with this cancellation, Transferees/Assignees will submit an application requesting a new aircraft radio license.

<sup>3</sup> See 47 C.F.R. §§ 63.03(b)(1)(ii), 63.12(c)(1)(ii).

Pursuant to Section 63.18 of the Commission's rules, the Applicants provide the following information in support of their request for consent to assign New ICC's international Section 214 authorization to CFC USVI Holdco and to transfer control of the two international Section 214 authorizations held by Innovative Wireless from the Chapter 11 Trustee to CFC:

(a) The names, addresses, telephone numbers, and FRNs of the Applicants are:

**Assignor**

INNOVATIVE COMMUNICATION  
CORPORATION  
P.O. Box 6100  
Charlotte Amalie, Virgin Islands 00801  
+1 305 798 0648 tel  
  
FRN No. 0015027600

**Assignee**

DTR HOLDINGS, LLC  
2201 Cooperative Way  
Herndon, Virginia 20171-3025  
+1 703 709 6700 tel  
  
FRN No. 0018762856

**Transferor**

STANFORD SPRINGEL, AS CHAPTER 11  
TRUSTEE FOR THE ESTATE OF  
INNOVATIVE COMMUNICATION  
CORPORATION  
P.O. Box 6100  
Charlotte Amalie, Virgin Islands 00801  
+1 305 798 0648 tel  
  
FRN No. 0017097965

**Transferee**

NATIONAL RURAL UTILITIES COOPERATIVE  
FINANCE CORPORATION ("CFC")  
2201 Cooperative Way  
Herndon, Virginia 20171-3025  
+1 703 709 6700 tel  
  
FRN No. 0018745141

**Licensee**

VITELCOM CELLULAR, INC. ("INNOVATIVE  
WIRELESS")  
P.O. Box 6100  
Charlotte Amalie, Virgin Islands 00801  
+1 305 798 0648 tel  
  
FRN No. 0005087002

(b) CFC is a District of Columbia corporation. CFC USVI Holdco is a U.S. Virgin Islands limited-liability company.

(c) Correspondence concerning this application should be sent to:

**Transferor/Assignor**

Byron Smyl  
REPRESENTATIVE OF THE CHAPTER 11  
TRUSTEE FOR THE ESTATE OF  
INNOVATIVE COMMUNICATION  
CORPORATION  
P.O. Box 6100  
Charlotte Amalie, Virgin Islands 00801  
+1 305 798 0648 tel

**Transferee/Assignee**

Frank E. Vaughan  
Assistant General Counsel  
NATIONAL RURAL UTILITIES  
COOPERATIVE FINANCE CORPORATION  
2201 Cooperative Way  
Herndon, Virginia 20171-3025  
+1 703 709 6746 tel  
+1 703 707 5064 fax

*with a copy to:*

Henry M. Rivera  
WILEY REIN LLP  
1776 K Street, N.W.  
Washington, D.C. 20006  
+1 202 719 7501 tel  
+1 202 791 7049 fax

*with a copy to:*

Kent D. Bressie  
HARRIS, WILTSHIRE & GRANNIS LLP  
1200 18th Street, N.W., Suite 1200  
Washington, D.C. 20036-2516  
+1 202 730 1337 tel  
+1 202 730 1301 fax

*Counsel for Stanford Springel, as  
Chapter 11 Trustee for the Estate of  
Innovative Communication Corporation*

*Counsel for National Rural Utilities  
Cooperative Finance Corporation, DTR  
Holdings, LLC, and VI PowerNet, LLC*

(d) New ICC holds a single international Section 214 authorization for the provision of global facilities-based and global resale services (File No. ITC-214-19990330-00206).<sup>4</sup>

Innovative Wireless holds two international Section 214 authorizations—one for international

---

<sup>4</sup> See *International Authorizations Granted*, Public Notice, 14 FCC Rcd. 9992 (1999) (granting international Section 214 authority to ICUSC, Inc., ICC's predecessor-in-interest); *International Authorizations Granted*, Public Notice, 16 FCC Rcd. 8562 (2001) (noting assignment of international Section 214 authority from ICUSC, Inc. to ICC on *pro forma* basis on April 13, 2001); FCC File No. ITC-214-19990330-00206; *International Authorizations Granted*, Public Notice, 24 FCC Rcd. 16 (2009) (noting involuntary transfer of control from ICC to Chapter 11 Trustee).

facilities-based and resale authority (File No. ITC-214-19990330-00207),<sup>5</sup> and the other for international resale authority (File No. ITC-214-19930312-00048; old File No. ITC-93-137).<sup>6</sup> Neither CFC USVI Holdco nor any of its parents or subsidiaries holds international Section 214 authority.

(e)(3) The Applicants seek Commission consent to assign and transfer control of the international Section 214 authorizations listed in part I(d) above.

(f) No response is required.

(g) No response is required.

(h) By the signature below, CFC certifies that it has—and following consummation of the Proposed Transaction, will continue to have—no 10 percent-or-greater direct or indirect owners, as its shares are widely held by its 1,538 members, all of which are organized under the laws of various U.S. states and territories. Following consummation of the Proposed Transaction, CFC will not have any interlocking directorates with any foreign carrier.

By the signature below, CFC USVI Holdco certifies that it is—and following consummation of the Proposed Transaction, will continue to be—a wholly-owned, indirect subsidiary of CFC and that no other entity will own a 10-percent-or-greater direct or indirect

---

<sup>5</sup> See *International Authorizations Granted*, Public Notice, 14 FCC Rcd. 9992 (1999); *International Authorizations Granted*, Public Notice, 24 FCC Rcd. 16 (2009) (noting involuntary transfer of control from ICC to Chapter 11 Trustee).

<sup>6</sup> See *Vitelcom Cellular, Inc.*, Order, Authorization and Certificate, 8 FCC Rcd. 4378 (1993); *International Authorizations Granted*, Public Notice, 24 FCC Rcd. 16 (2009) (noting involuntary transfer of control from ICC to Chapter 11 Trustee). Note that with respect to FCC File No. ITC-214-19930312-00048, some FCC records incorrectly list “Vitalcom Cellular, Inc.” as the licensee of record (*see, e.g.*, list of International Section 214s Authorized Prior to March 1996, *available at* [http://licensing.fcc.gov/prod/ib/forms/help/new\\_converted\\_ib\\_214\\_prior\\_0396.pdf](http://licensing.fcc.gov/prod/ib/forms/help/new_converted_ib_214_prior_0396.pdf)). By letter dated April 7, 2008, Vitelcom Cellular, Inc. requested that the Commission update its records, including IBFS, to reflect the correct name of the authorization holder for File No. ITC-214-19930312-00048.

interest in the capital stock of CFC USVI Holdco (as the assignee of New ICC's international Section 214 authorization) or of Innovative Wireless. CFC has no 10 percent-or-greater direct or indirect owners, as its shares are widely held by its 1,538 members, all of which are organized under the laws of various U.S. states and territories. Following consummation of the Proposed Transaction, CFC USVI Holdco will not have any interlocking directorates with any foreign carrier.

(i) By the signature below, CFC and CFC USVI Holdco each certifies that it is not affiliated with any foreign carrier. CFC and CFC USVI Holdco each further certifies that, following the consummation of the Proposed Transaction, it will have a foreign affiliation with East Caribbean Cellular N.V. ("ECC"), a mobile carrier in St. Maarten, in the Netherlands Antilles. ECC is presently an indirect, wholly-owned subsidiary of New ICC and will be an indirect, wholly-owned subsidiary of CFC Holdco following the consummation of the Proposed Transaction.

(j) By the signature below, CFC certifies that, following the consummation of the Proposed Transaction: (1) CFC will not be a foreign carrier in any foreign country; (2) CFC will control ECC, a foreign carrier in the Netherlands Antilles; (3) no entity owns more than 25 percent of CFC or controls CFC, much less an entity that controls a foreign carrier in any foreign country; and (4) no foreign carriers (or parties that control foreign carriers) own, in the aggregate, more than 25 percent of CFC, much less entities that are parties to, or the beneficiaries of, a contractual relation (*e.g.*, a joint venture or market alliance) affecting the provision or marketing of international basic telecommunications services in the United States.

By the signature below, CFC USVI Holdco certifies that, following the consummation of the Proposed Transaction: (1) CFC USVI Holdco will not be a foreign carrier in any foreign

country; (2) CFC USVI Holdco will not control a foreign carrier in any foreign country; (3) CFC Holdco, an entity owning 100 percent of, and controlling, CFC USVI Holdco, controls ECC, a foreign carrier in the Netherlands Antilles; and (4) no foreign carriers (or parties that control foreign carriers) own, in the aggregate, more than 25 percent of CFC USVI Holdco, much less entities that are parties to, or the beneficiaries of, a contractual relation (*e.g.*, a joint venture or market alliance) affecting the provision or marketing of international basic telecommunications services in the United States.

(k) The destination country listed in paragraph (i) above—the Netherlands Antilles—is a constituent part of the Kingdom of the Netherlands and therefore a World Trade Organization (“WTO”) Member.<sup>7</sup>

(l) Following consummation of the Proposed Transaction, neither CFC nor CFC USVI Holdco nor Innovative Wireless intends to resell the international switched services of an unaffiliated U.S. carrier for the purpose of providing international telecommunications services to a country where it is a foreign carrier or is affiliated with a foreign carrier.

(m) CFC is not a telecommunications carrier and will not be a telecommunications carrier. Following consummation of the Proposed Transaction, CFC USVI Holdco—as the assignee of New ICC’s international Section 214 authorization—is entitled to retain its non-

---

<sup>7</sup> See World Trade Organization, *Members and Observers* (2008) (listing the Kingdom of the Netherlands as a WTO member), available at [www.wto.org/english/thewto\\_c/whatis\\_e/tif\\_e/org6\\_e.htm](http://www.wto.org/english/thewto_c/whatis_e/tif_e/org6_e.htm); Schedule of Specific Commitments, The Kingdom of the Netherlands with Respect to the Netherlands Antilles, Apr. 15, 1994 GATS/SC/3, WTO Doc. 94-1002 (Apr. 15, 1994) (noting that the Netherlands Antilles’ schedule of specific commitments under the WTO General Agreement on Trade in Services “applies only to the territory of the Netherlands Antilles, which are part of the Kingdom of the Netherlands. The Netherlands Antilles do not form part of the European territory of the Kingdom of the Netherlands, which is a Member State of the European Community. The Netherlands Antilles consist of the islands of Curaçao, Bonaire, St.



dominant classification on its newly affiliated route, and Innovative Wireless is entitled to retain its non-dominant classification on its existing affiliated route pursuant to Section 63.10(a)(3) of the Commission's rules.<sup>8</sup> ECC—CFC USVI Holdco's new foreign-carrier affiliate, and Innovative Wireless's existing foreign-carrier affiliate—lacks market power in St. Maarten, in the Netherlands Antilles.<sup>9</sup> ECC lacks 50-percent market share in either the international transport market or local access market in the Netherlands Antilles and does not appear on the Commission's list of foreign telecommunications carriers presumed to possess market power in foreign telecommunications markets.<sup>10</sup> Moreover, as a mobile wireless provider in the Netherlands Antilles, ECC is unlikely to raise market power concerns.<sup>11</sup> ECC, CFC USVI Holdco, and Innovative Wireless therefore qualify for presumptions of non-dominance pursuant to Section 63.10(a)(3) of the Commission's rules and exemptions from the dominant carrier safeguards in Sections 63.10(c) through (e) of the Commission's rules.<sup>12</sup>

(n) By the signature below, CFC and CFC USVI Holdco each certifies that it has not agreed to accept special concessions directly or indirectly from any foreign carrier with respect

---

Maarten, St. Eustatius and Saba and enjoy an autonomous status under the 'Statute of the Kingdom of the Netherlands' of 1954, as modified in 1986.").

<sup>8</sup> See 47 C.F.R. §§ 63.10(a)(3), 63.11(f).

<sup>9</sup> See Bureau Telecommunications and Post, Netherlands Antilles, Telecommunications Providers, available at [http://www.btnp.org/html/telecommunications\\_providers.php](http://www.btnp.org/html/telecommunications_providers.php).

<sup>10</sup> See *International Bureau Revises and Reissues the Commission's List of Foreign Telecommunications Carriers that Are Presumed to Possess Market Power in Foreign Telecommunications Markets*, Public Notice, 22 FCC Rcd. 945 (Int'l Bur. 2007) (identifying Antelecom N.V. (now known as UTS) as the only carrier with market power in the Netherlands Antilles).

<sup>11</sup> See *1998 Biennial Regulatory Review — Review of International Common Carrier Regulations*, Report and Order, 14 FCC Rcd. 4909, 4922 ¶ 29 (1999) (concluding that "a foreign carrier with only mobile wireless facilities (and no wireline facilities) . . . [is] unlikely to raise market power concerns . . .").

<sup>12</sup> See 47 C.F.R. §§ 63.10(a)(3), (c)-(e).

to any U.S. international route where the foreign carrier possesses market power on the foreign end of the route and will not enter into any such agreements in the future.

(o) By the signature below, CFC and CFC USVI Holdco each certifies that no party to this application is subject to a denial of federal benefits under Section 5301 of the Anti-Drug Abuse Act of 1988, as amended.<sup>13</sup>

(p) The Applicants qualify for streamlined processing of this request for consent to assign and transfer control of the international Section 214 authorizations of New ICC and Innovative Wireless pursuant to Section 63.12(c)(1)(ii) of the Commission's rules because CFC USVI Holdco and Innovative Wireless qualify for a presumption of non-dominance under § 63.10(a)(3) of the Commission's rules, as noted in part I(m) above. The Applicants do not request such streamlined treatment given the numerous additional applications pending before the Commission in connection with the Proposed Transaction and instead request a single consolidated pleading cycle for consideration of the Applications filed in connection with the Proposed Transaction. Nevertheless, the Applicants offer this qualification for streamlined treatment as further evidence that the Proposed Transaction will serve the public interest.

## **II. INFORMATION REQUIRED BY SECTION 63.04 OF THE COMMISSION'S RULES**

The Applicants submit the following information, pursuant to Section 63.04 of the Commission's rules, in support of their request for consent to assign IBS's domestic common-carrier transmission lines and to transfer control of the domestic common-carrier transmission lines of ILD and Vitelco:

(a)(1) See response in part I(a) above for the names, addresses, and telephone numbers of all Applicants other than VIPN. VIPN's name, address, and FRN is as follows:

**Assignee**

VI POWERNET, LLC  
2201 Cooperative Way  
Herndon, Virginia 20171-3025  
+1 703 709 6700 tel

FRN No. 0018762906

(a)(2) The transferee CFC is a District of Columbia corporation. The assignee VIPN is a U.S. Virgin Islands limited-liability company.

(a)(3) See response in part I(c) above for the contact information to which correspondence concerning this application is to be addressed.

(a)(4) No person or entity directly or indirectly owns at least 10 percent of the equity of CFC. VIPN's sole member is CFC USVI Holdco, a wholly-owned subsidiary of CFC.

(a)(5) By the signature below, CFC and VIPN each certifies that no party to this application is subject to a denial of federal benefits under Section 5301 of the Anti-Drug Abuse Act of 1988, as amended.

(a)(6) The Applicants set forth a complete description of the Proposed Transaction in Exhibit I to this application.

(a)(7) Neither the Chapter 11 Trustee (as transferor) nor CFC (as transferee) nor VIPN (as the assignee) offers any domestic telecommunications services. The Chapter 11 Trustee presently controls providers of domestic telecommunications services in the U.S. Virgin Islands, including:

- IBS: Telephone equipment; former provider of pay telephone services.
- ILD: Domestic interexchange services

---

<sup>13</sup> See 21 U.S.C. § 853(a).

- Vitelco: Local-exchange and exchange-access services
- Innovative Wireless: CMRS services

Following the consummation of the Proposed Transaction, these providers will be owned and controlled by CFC and its subsidiaries.

(a)(8) The request for consent to transfer control of the domestic common carrier lines of ILD and Vitelco and the assignment of IBS's domestic common-carrier transmission lines qualifies for presumptive streamlined processing under Section 63.03(b)(1)(ii) of the Commission's rules because neither CFC nor any of its subsidiaries or affiliates (including CFC USVI Holdco and VIPN) is a telecommunications provider. The Applicants do not request such streamlined treatment given the numerous additional applications pending before the Commission in connection with the Proposed Transaction and instead request a single consolidated pleading cycle for consideration of the Applications filed in connection with the Proposed Transaction. Nevertheless, the Applicants offer this qualification for streamlined treatment as further evidence that the Proposed Transaction will serve the public interest.

(a)(9) Concurrent with the requests for consent in this consolidated application, the Applicants have filed other applications seeking Commission consent for the Proposed Transaction. *See* Exhibit 4 to this application.

(a)(10) The Applicants request expedited consideration of this application in order to facilitate the resolution of New ICC's bankruptcy and the continuity of domestic telecommunications services in the U.S. Virgin Islands.

(a)(11) The Applicants have not filed any waiver requests in conjunction with this application.

(a)(12) In Exhibit 1 to this application, the Applicants describe how the Proposed Transaction will serve the public interest, convenience, and necessity.

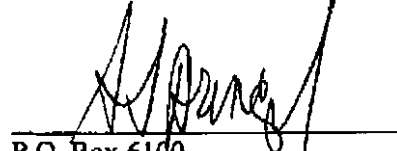
## **CONCLUSION**

For the reasons stated above and in Exhibit 1 to this application, the Applicants respectfully request that the Commission grant this application for consent to assign and transfer control of international and domestic Section 214 authority of New ICC and its subsidiaries to CFC and its subsidiaries.

Respectfully submitted,

**STANFORD SPRINGEL, AS CHAPTER 11  
TRUSTEE FOR THE BANKRUPTCY ESTATE OF  
INNOVATIVE COMMUNICATION  
CORPORATION**

**INNOVATIVE COMMUNICATION  
CORPORATION, DEBTOR**

A handwritten signature in black ink, appearing to read 'H. Rivera', is written over a horizontal line.

P.O. Box 6100  
Charlotte Amalie, Virgin Islands 00801  
+1 305 798 0648 tel

Henry M. Rivera  
Scott Delacourt  
Edgar Class  
Catherine Hilke  
WILEY REIN LLP  
1776 K Street, N.W.  
Washington, D.C. 20006  
+1 202 719 7501 tel

*Counsel for Stanford Springel, as  
Chapter 11 Trustee for the Bankruptcy  
Estate of Innovative Communication  
Corporation*

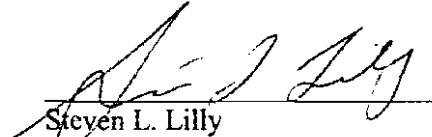
Kent D. Bressie  
Brita D. Strandberg  
Michael D. Nilsson  
Kelley A. Shields  
Mark Davis  
HARRIS, WILTSHIRE & GRANNIS LLP  
1200 18th Street, N.W., Suite 1200  
Washington, D.C. 20036-2516  
+1 202 730 1337 tel

*Counsel for National Rural Utilities  
Cooperative Finance Corporation, DTR  
Holdings, LLC and VI PowerNet, LLC*

**DTR HOLDINGS, LLC**

**BY: CARIBBEAN ASSETS HOLDINGS, LLC, ITS  
SOLE MEMBER**

**BY: NATIONAL RURAL UTILITIES  
COOPERATIVE FINANCE CORPORATION, ITS  
SOLE MEMBER**



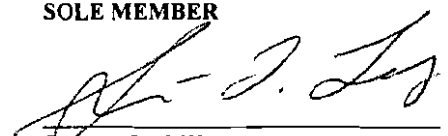
Steven L. Lilly  
Senior Vice President and  
Chief Financial Officer  
NATIONAL RURAL UTILITIES COOPERATIVE  
FINANCE CORPORATION  
2201 Cooperative Way  
Herndon, Virginia 20171-3025  
+1 703 709 6700 tel

**VI POWERNET, LLC**

**BY: DTR HOLDINGS, LLC, ITS SOLE MEMBER**

**BY: CARIBBEAN ASSETS HOLDINGS, LLC, ITS  
SOLE MEMBER**

**BY: NATIONAL RURAL UTILITIES  
COOPERATIVE FINANCE CORPORATION, ITS  
SOLE MEMBER**



Steven L. Lilly  
Senior Vice President and  
Chief Financial Officer  
NATIONAL RURAL UTILITIES COOPERATIVE  
FINANCE CORPORATION  
2201 Cooperative Way  
Herndon, Virginia 20171-3025  
+1 703 709 6700 tel

19 May 2009



## **LIST OF EXHIBITS**

- 1. Description of Proposed Transaction, Public Interest Showing, and Related Requests and Showings**
- 2. Subject Licenses and Authorizations**
- 3. FCC Registration Numbers**
- 4. List of Related Applications**
- 5. Existing Organizational Structure**
- 6. Post-Consummation Organizational Structure**
- 7. Interim Sale Order**

## **Exhibit 1**

### **Description of Proposed Transaction, Public Interest Showing, and Related Requests and Showings**

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C.

*In the Matter of*

STANFORD SPRINGEL AS CHAPTER 11 TRUSTEE  
FOR THE BANKRUPTCY ESTATE OF INNOVATIVE  
COMMUNICATION CORPORATION,  
*Transferor and Assignor,*

WC Docket No. 09-\_\_\_\_\_

*and*

NATIONAL RURAL UTILITIES COOPERATIVE  
FINANCE CORPORATION AND ITS  
SUBSIDIARIES,  
*Transferee and Assignees,*

Applications for Consent to Transfer Control and  
Assign Commission Licenses and Authorizations  
Pursuant to Sections 214(a) and 310(d) of the  
Communications Act of 1934, as Amended

**DESCRIPTION OF PROPOSED TRANSACTION,  
PUBLIC INTEREST SHOWING,  
AND RELATED REQUESTS AND SHOWINGS**

**Springel/New ICC – CFC Transaction**  
**Exhibit 1: Public Interest Statement**

**INTRODUCTION AND EXECUTIVE SUMMARY**

The Commission should quickly consent to the acquisition of the wireline, wireless, and cable television businesses owned and operated by Innovative Communication Corporation, acting by and through its Chapter 11 bankruptcy trustee (“New ICC”), and by its subsidiaries in the U.S. Virgin Islands by the National Rural Utilities Cooperative Finance Corporation (“CFC”) (together with the acquisition of other assets not subject to Commission jurisdiction, the “Proposed Transaction”). CFC’s acquisition of these businesses will ensure continuity of service and rehabilitation of the businesses following New ICC’s lengthy bankruptcy. CFC is a member-owned, not-for-profit, non-governmental cooperative financial institution focused on lending to its rural-utility members. Its deep knowledge and extensive experience with rural utilities-related businesses make it an ideal purchaser of New ICC’s businesses.

Between 1987 and 2001, the Rural Telephone Finance Cooperative (“RTFC”)—an organization that was founded and is managed by CFC—loaned New ICC and its predecessor more than \$500 million, secured by perfected liens in nearly all of the assets of New ICC and its subsidiaries. New ICC defaulted on those loans in 2004 and failed to repay those and other third-party debts. Consequently, New ICC—but not any of its operating subsidiaries—was involuntarily placed into bankruptcy in 2007, with RTFC being the principal secured creditor. The U.S. District Court of the U.S. Virgin Islands, Division of St. Thomas and St. John, Bankruptcy Division (the “Bankruptcy Court”) appointed Mr. Stanford Springel as Chapter 11 trustee to administer the bankruptcy estate of New ICC (“Mr. Springel” or “Chapter 11 Trustee”). In April 2008, the Chapter 11 Trustee began marketing the assets associated with the Proposed Transaction to potential acquirers. In late-January 2009, RTFC elected to credit-bid for those assets pursuant to Section 363(k) of the United States Bankruptcy Code (“Bankruptcy

**Springel/New ICC – CFC Transaction**  
**Exhibit 1: Public Interest Statement**

Code”), which permits a secured creditor to bid part or all of its secured-debt claim in order to acquire the assets to which its liens are attached in exchange for cancellation of indebtedness in the amount of the bid. On April 9, 2009, the Bankruptcy Court entered an interim sale order authorizing, among other things, the Chapter 11 Trustee and CFC to seek regulatory approvals for the relevant components of the Proposed Transaction from the Federal Communications Commission (“Commission” or “FCC”), the U.S. Virgin Islands Public Services Commission (as the regulator of public utilities, including the Virgin Islands Telephone Corporation (“Vitelco”), and as the franchising authority for cable television systems in the U.S. Virgin Islands), the British Virgin Islands Government, and the Netherlands Antilles Government.

The Proposed Transaction is both stock- and asset-based. CFC (acting through its special-purpose subsidiaries) will acquire all of the outstanding stock of New ICC’s existing subsidiaries. CFC will not acquire the stock of New ICC itself. CFC’s special-purpose subsidiaries will also acquire certain of New ICC’s assets and businesses. Upon consummation of the Proposed Transaction, CFC will control the following Commission licenses and authorizations:

- Domestic Section 214 operating authority;
- International Section 214 authorizations;
- Private wireless licenses;
- Common-carrier wireless licenses; and
- Cable television relay service licenses.

New ICC will also assign certain private and common-carrier wireless licenses and domestic and international Section 214 authorizations to two subsidiaries of CFC. Consequently, the Proposed

**Springel/New ICC – CFC Transaction**  
**Exhibit 1: Public Interest Statement**

Transaction will require review of applications filed with the Commission's Wireline Competition, Wireless Telecommunications, International, and Media Bureaus.

The Proposed Transaction will serve the public interest by ensuring continuity of service by the principal providers of telecommunications and cable television services in the U.S. Virgin Islands, including the incumbent local exchange carrier, Vitelco. Under CFC ownership, these companies will have improved access to capital and the ability to focus anew on their core businesses. Consequently, these businesses will be much-better positioned to improve their operations, quality of service, and disaster planning and recovery. They will also be better-positioned to evaluate their infrastructure and investment needs and plan for the provision of new and enhanced services. The Proposed Transaction raises no foreign ownership concerns, as CFC is U.S.-owned and controlled. The Proposed Transaction will not harm competition in the USVI wireline, mobile/broadband and multichannel video programming ("MVPD") markets, as CFC is a non-carrier whose combination with New ICC's businesses will generate no anticompetitive vertical or horizontal effects. To the contrary, CFC's acquisition of New ICC's businesses will strengthen competition in those markets by ensuring those businesses have access to capital and are able to become more robust competitors.

In part I of this exhibit, the Applicants provide background on the parties to the Proposed Transaction, the bankruptcy of New ICC and related proceedings, and the Proposed Transaction itself. In part II, the Applicants set forth the standard of review governing Commission review of the Proposed Transaction. In part III, the Applicants explain how the Proposed Transaction will serve the public interest, convenience, and necessity. In part IV, the Applicants address related requests and showings.

**Springel/New ICC – CFC Transaction**  
**Exhibit 1: Public Interest Statement**

**TABLE OF CONTENTS**

	<b>PAGE</b>
INTRODUCTION AND EXECUTIVE SUMMARY .....	ii
I. BACKGROUND .....	1
A. Transferor/Assignor Parties to the Proposed Transaction .....	1
1. Stanford Springel as Chapter 11 Trustee (“Mr. Springel” or “Chapter 11 Trustee”) .....	1
2. Innovative Communication Corporation, Debtor (“New ICC”) .....	1
B. Other Operating Entities Related to the Proposed Transaction .....	2
1. Innovative Business Systems Division of New ICC (“IBS”) .....	2
2. Innovative Long Distance, Inc. (“ILD”) .....	2
3. Virgin Islands Telephone Corporation d/b/a Innovative Telephone (“Vitelco”) .....	3
4. Vitelcom Cellular, Inc., d/b/a/ Innovative Wireless (“Innovative Wireless”) .....	3
5. Caribbean Communications Corp., d/b/a Innovative Cable TV - St. Thomas - St. John (“Innovative Cable STT-STJ”) .....	3
6. St. Croix TV, Inc., d/b/a Innovative Cable TV St. Croix (“Innovative Cable STX”) .....	4
7. ICC TV, Inc. d/b/a ICC TV2 (“TV2”) .....	4
8. Group B-200, Inc. (“Group B-200”) .....	4
9. Atlantic Aircraft, Inc. (“Atlantic Aircraft”) .....	5
C. Transferee/Assignee Parties to the Proposed Transaction .....	5
1. National Rural Utilities Cooperative Finance Corporation (“CFC”) .....	5

**Springel/New ICC – CFC Transaction**

**Exhibit 1: Public Interest Statement**

2.	Rural Telephone Finance Cooperative (“RTFC”) .....	6
3.	Caribbean Asset Holdings, LLC (“CFC Holdco”) .....	7
4.	DTR Holdings, LLC (“CFC USVI Holdco”) .....	7
5.	VI PowerNet, LLC (“VIPN”) .....	8
D.	Bankruptcy and Related Proceedings .....	8
E.	The Proposed Transaction.....	11
II.	THE STANDARD OF REVIEW .....	14
III.	THE PROPOSED TRANSACTION WILL SERVE THE PUBLIC INTEREST, CONVENIENCE AND NECESSITY .....	15
A.	The Proposed Transaction Will Ensure Continuity of Service for the Principal Providers of Telecommunications and Cable Television Services in the U.S. Virgin Islands .....	15
B.	The Proposed Transaction Will Permit Rehabilitation of the Businesses .....	17
C.	The Proposed Transaction Will Improve Disaster Planning and Recovery .....	17
D.	The Proposed Transaction Will Enhance Competition in the Provision of Wireline, Mobile and MVPD Services.....	19
IV.	RELATED REQUESTS AND SHOWINGS .....	20
A.	Related Government Filings .....	20
B.	Other Licenses and Authorizations Included .....	20
C.	Unconstructed Facilities.....	21
D.	Unjust Enrichment .....	22
E.	Environmental Impact.....	22
F.	No Foreign Ownership Issues Under Section 310(b) .....	22
G.	No Telco-Cable Cross-Ownership Issues .....	23



**Springel/New ICC – CFC Transaction**  
**Exhibit 1: Public Interest Statement**

H.	Request for Permit-But-Disclose <i>Ex Parte</i> Status .....	23
I.	Exemption from Cut-Off Rules .....	24